

AUDIT AND GOVERNANCE COMMITTEE

27 September 2019

RISK AND ASSURANCE MAP REFRESH – 2019/2020

Report of the Assistant Director of Business and Property Services

1. Purpose of Report

1.1 To enable the Audit and Governance Committee to consider:

- the refreshed Risk and Assurance Map based on the priority areas within the Council's new City Plan;
- the refreshed Strategic Risk Profile updated based on the new priorities within the City Plan;
- the refreshed Corporate Risk Profile which has been updated based on the operational risks facing the Council currently;
- work undertaken by the audit, risk and assurance service during the year; and
- the performance of Internal Audit.

1.2 The report covers work undertaken for the Council and Council owned companies.

2. Description of Decision

2.1 The Audit and Governance Committee are asked to note and consider the report.

3. Background/Introduction

3.1 In April 2019 the Committee approved the proposed Risk and Assurance Map for 2019/20 and the plans of work for Internal Audit and the Risk and Assurance Team. Since this time the Council has been working with its partners to develop a new draft Plan for the City, which is going through the final consultation and approval stage, representing the current priorities for the city and its residents and where the city would like to be by 2030.

3.2 The Strategic Risk Profile always considers the risks to the achievement of Council's priorities and therefore needs to reflect the current position and the new priorities for the City. The Corporate Risk Profile represents the risks that the organisation faces during its operational activity to deliver priorities, it is therefore appropriate to review this in light of the Council's current priorities.

3.3 As the City Plan was in development at the time that the plans of work for Internal Audit and the Risk and Assurance Team were developed the current

risks being faced by the Council were taken into consideration. It is therefore considered that the plans of work remain relevant and can be mapped against the revised risk areas on the risk and Assurance Map.

4. Risk and Assurance Map

- 4.1 The Risk and Assurance Map has been updated to reflect the new strategic risk areas and updated corporate risk areas, see attached at Appendix 1. The new Strategic Risk Areas come under the priority themes in the City Plan of Dynamic, Healthy and Vibrant. The risk areas under enabling are those corporate risk areas which are thought to be so significant in supporting the delivery of priorities that they should be considered along with the priority themes. The cumulative risk scores and assurance position have been updated based on the changes and have been agreed with Chief Officers. The 'X's in the assurance columns show where assurance is expected to be received from in the current financial year.
- 4.2 As the Strategic Risk Areas have changed completely the assessment of risk has been undertaken afresh. Given the change in risk areas assurance has only been given where there is currently a clear link to previous assurances provided. The Risk and Assurance Team will update their assurances against the new Strategic Risk Areas once the profile is agreed.
- 4.3 The Corporate Risk Areas have been refined slightly to bring together those that fit better together rather than being considered separately. The risks, causes, impacts, risk scores and mitigating actions have all been reviewed in light of the current position.

Strategic Risk Areas

- 4.4 The top section of the Map relates to the strategic risks identified in the Strategic Risk Profile, attached at Appendix 2. As mentioned above, the risk ratings and assurance positions have been considered afresh and will be further updated for the next meeting of the Committee. The Risk Scoring Criteria is attached at Appendix 6.

Corporate Risk Areas

- 4.5 The middle section of the Map shows the cumulative risk assessments and the assurance levels relating to the risks identified in the Corporate Risk Profile, attached at Appendix 3. The main changes to the Corporate Risk areas are that the Current Risk Score for Relationship/Contract Management and Health and Safety have moved from Red to Amber due to the improved controls in place. The Current Risk Score for Programme and Project Management has moved from Amber to Red as the risk specifically relates to the achievement of benefits and outcomes (not the project management process itself) and it is considered that the Council has more work to do regarding the arrangements for identifying and measuring the achievement of benefits arising from programmes and projects.

Council Owned Companies

- 4.6 The bottom section of the Map shows the Assurance position in relation to Companies that are wholly owned by the Council and are part of the group for the financial statements. As Siglion LLP is now wholly owned by the Council it has been added to the Map and audit arrangements are being developed.

Assurance from Internal Audit

- 4.7 The audits to be carried out this year and the detailed results of completed Internal Audit work shown at Appendix 4, with the summary outcomes shown on the Map.
- 4.8 Appendix 4 shows all of the opinions, including those from previous years, which have been considered in determining the overall assurance level for the new Strategic and Corporate Risk Areas. Those audits shown in grey are those in previous years where it became not appropriate to complete the audit at that time. A number of current year audits are also ongoing, as follows:

- Environmental Services
- Treasury Management
- Council Tax Setting
- Council Tax Liability
- ICT Asset Management
- Capital Procurement
- Liquid Logic - Adults

Assurance from Risk and Assurance Team

- 4.9 Areas that the Risk and Assurance Team are currently involved in are shown below. Much of their work is ongoing over a period of time, however, where ongoing assurance can be provided from their work this is shown on the Map. Assurance work within the last quarter has included:

- Major capital schemes such as the development stage of the SSTC Phase 3 and the International Advanced Manufacturing Park.
- Corporate projects, including the introduction of Office 365 and the move to Cloud technology, SAP self-service arrangements for HR and procurement activities and the new Civic Centre.
- Risks in relation to Brexit.
- Risks in relation to information governance and security.
- National Fraud Initiative data matching exercise.
- Arrangements in relation to anti-money laundering.
- Refresh of the Strategic Risk Profile.
- Development of the risk arrangements in relation to the North East Combined Authority and the North East Joint Transport Committee (new

clients)

Assurance from others within the Council

- 4.10 Assurance provided from others within the Council is shown in the Risk and Assurance Map. There are no changes since the last.

Assurance from Management

- 4.11 Arrangements are in place to obtain assurance from all service areas within the Council through an annual governance questionnaire undertaken in the last quarter of the year.

Assurance from External Sources

- 4.12 The Map includes assurance from relevant external sources. There are no changes since the last report.

Overall

- 4.13 The overall assurance levels are either green or amber, with the exception of the Red ratings relating to Children's Safeguarding.
- 4.14 The Risk and Assurance Map was recently considered by officers of the Chief Officer Group and the issues raised above highlighted.

5. Internal Audit Performance

- 5.1 The performance in relation to targets set for Internal Audit is shown at Appendix 5.
- 5.2 Performance is on target for all KPI's apart from:
- The percentage of significant risk actions implemented currently sits at 95% against a target of 100%. The 5% relates to the audit of Adults Social Care Personal Budgets. Significant progress has been made with the implementation of the actions with a small number remaining outstanding.
 - The percentage implementation rate for medium risk actions in relation to schools.

The implementation rate for medium risk agreed actions is as follows:

Area	Target	Implementation Rate
Council services	90%	100%
Schools	90%	87%

6. Conclusion

- 6.1 Results of the work undertaken so far during the year have not highlighted any issues which affect the overall opinion that the Council continues to have in place an adequate system of internal control.

7. Recommendation

- 7.1 The Audit and Governance Committee are asked to note and consider the report.

